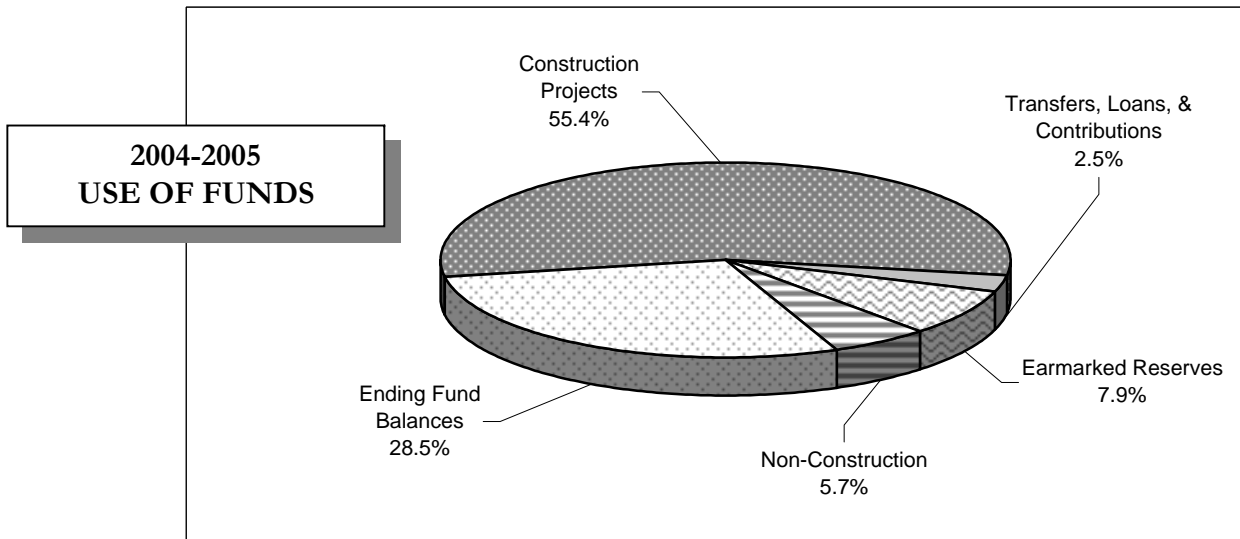
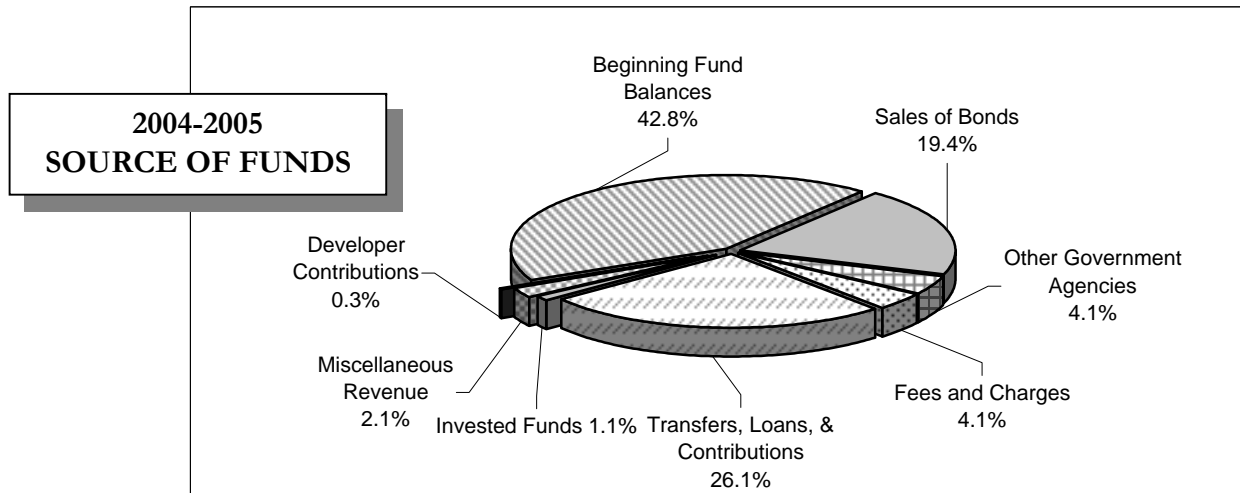


CITY OF SAN JOSE
2004-2005 PROPOSED OPERATING BUDGET
SUMMARY OF CAPITAL FUNDS



TOTAL CAPITAL FUNDS \$1,013,631,368

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SOURCE OF FUNDS	2003-2004 Adopted Budget	2004-2005 Proposed Budget	Increase/ (Decrease)	% Increase/ (Decrease)
Beginning Fund Balances	645,023,585	434,685,441	(210,338,144)	(32.6%)
Sale of Bonds	149,813,000	196,283,927	46,470,927	31.0%
Revenue from Other Government Agencies	65,301,000	41,554,000	(23,747,000)	(36.4%)
Fees and Charges	36,247,000	41,073,000	4,826,000	13.3%
Transfers, Loans, and Contributions	419,173,000	264,280,000	(154,893,000)	(37.0%)
Interest Income on Invested Funds	10,464,000	11,246,000	782,000	7.5%
Miscellaneous Revenue	22,819,000	21,609,000	(1,210,000)	(5.3%)
Developer Contributions	3,050,000	2,900,000	(150,000)	(4.9%)
TOTAL SOURCE OF FUNDS	1,351,890,585	1,013,631,368	(338,259,217)	(25.0%)
USE OF FUNDS				
Construction Projects	901,439,000	561,279,000	(340,160,000)	(37.7%)
Transfers, Loans, and Contributions	29,625,883	25,782,926	(3,842,957)	(13.0%)
Earmarked Reserves	56,694,255	80,317,019	23,622,764	41.7%
Other Non-Construction Items	46,982,392	57,189,392	10,207,000	21.7%
Ending Fund Balances	317,149,055	289,063,031	(28,086,024)	(8.9%)
TOTAL USE OF FUNDS	\$ 1,351,890,585	\$ 1,013,631,368	\$ (338,259,217)	(25.0%)

The 2004-2005 Proposed Capital Budget totals \$1.01 billion, a decrease of \$338.3 million from the 2003-2004 Adopted Capital Budget, which totaled \$1.35 billion. The 2005-2009 Proposed Capital Improvement Program (CIP) totals \$3.29 billion, which represents a drop of 19% from the 2004-2008 Adopted CIP. While the CIP is smaller than the one adopted last year, it is still one of the largest in the City's history, continuing the "Decade of Investment" that is transforming much of the City's infrastructure.

As was the case last year, the expansion of the Airport is by far the largest component of the overall capital budget, totaling \$566.2 million in 2004-2005. In the near term, the focus of this program will be compliance with federal security mandates. The largest of these security projects is the North Concourse Building, which includes a permanent automated in-line explosive detection system and associated security screening space. The Capital Budget also includes branch library and parks and recreation projects supported by General Obligation Bonds (\$212 million for libraries, \$228 million for parks), that were approved by the voters in November 2000, as well as public safety-related capital projects supported by the March 2002 Measure O "9-1-1, Fire, Police, Paramedics and Neighborhood Security Act" (\$159 million).

The current economic downturn continues to have the most significant impact on the Traffic Capital Program which has experienced a significant reduction in its development-related taxes that support this program. As a result of the difficult economic conditions, the Capital Improvement Program also includes strategies in several Capital programs that would result in the avoidance of General Fund operating and maintenance costs over the five-year period, totaling \$13.9 million.